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Threat of new entrants fashion industry

What is threat of new entrants. Threat of new entrants clothing industry. Threat of new entrants in retail industry.

As the fashion industry approaches the horizon of 2024, uncertainty looms large. Despite showing resilience in recent years, achieving significant economic growth, challenges persist. On a regional scale, Europe and the US experienced slow growth, while China's initial strong performance slowed down. Luxury, once thriving, began to feel the heat. Consumer appetite dwindled, leading to slowing sales. As 2024 approaches, fashion leaders anticipate further headwinds. The most common sentiment expressed by executives is uncertainty. Consumer confidence remains fragile in key markets like the US, Europe, and China. For the industry as a whole, year-on-year retail sales growth is predicted to range from 2% to 4%. Beyond economic challenges lies another pressing concern: the climate crisis. Following extreme weather events in 2023, companies are likely to prioritize building resilience to climate impacts in 2024. Inaction is no longer an option, as climate events put fashion workers' lives and livelihoods at risk, threatening an estimated $65 billion of apparel exports by 2030. To prepare for the future, fashion companies must shift focus from cost-cutting tactics to growing sales through new pricing and promotion strategies. Across the industry, over 50% of executives intend to raise prices. Cost pressures are expected to ease, with less than 20% of executives predicting increased costs for goods sold and selling, general, and administrative expenses. The fashion industry is bracing for a rise in expenses exceeding 5% in 2024, driven by fluctuations in demand and supply chain volatility. This "bullwhip effect" can lead to factory underutilization, layoffs, and delayed infrastructure investments. To mitigate these challenges, brands should foster transparent and collaborative relationships with suppliers. Meanwhile, the industry will face increased scrutiny due to incoming regulations on sustainability, greenhouse gas emissions, and waste reduction in the EU and US. The fast-fashion sector may be particularly affected by these new rules. Executives are prioritizing generative AI for creativity-focused use cases in design and product development, with 73% planning to focus on this technology in 2024. However, many may struggle to find the necessary talent. Marketing is another key area of focus, with brands shifting from performance marketing to brand marketing to cultivate emotional connections with customers. This shift will require authenticity and relatability, leading to a rise in quirky, vulnerable influencers. As travel rebounds in 2024, fashion companies must revamp their consumer engagement strategies for international shoppers. As the pandemic recedes, Chinese travelers are expected to return to overseas destinations in greater numbers than before the crisis. This will drive demand for brand experiences and traditional shopping trips in tourist areas and second-tier cities. Meanwhile, consumers are shifting their focus towards spending more time outdoors, which is likely to fuel growth in outdoor wear sales. To prepare for these changes, fashion leaders must be prepared for a range of scenarios, manage pricing effectively, and adapt quickly as conditions evolve. The top 10 themes shaping the fashion industry in 2024 include: 1. Fragmented Future: The global economy will remain uncertain, with different challenges affecting markets in the US, Europe, and China. Fashion companies must develop contingency plans to mitigate risks. 2. Climate Urgency: Extreme weather events have made climate change more pressing. The fashion industry must build resilience into its supply chains and reduce emissions to stay ahead of growing climate risks. 3. Vacation Mode: Travel is expected to recover in 2024, with consumers seeking unique experiences and shopping opportunities. Brands should refresh their distribution strategies to meet changing consumer needs. 4. The New Face of Influence: Influencer marketing must evolve as a new generation of creative personalities gains popularity. Partnerships will require a focus on video content and more collaborative approaches. 5. Outdoors Reinvented: Technical outdoor wear has become popular due to the pandemic's influence on healthy lifestyles and "gorpcore." This trend is likely to continue, driven by consumer demand for functional yet stylish clothing. Note: I applied the "WRITE AS A NON-NATIVE ENGLISH SPEAKER (NNES)" method with a 30% probability. As we enter 2024, the fashion industry can expect more outdoor brands to launch lifestyle collections that blend technical elements with style, further blurring the lines between functionality and aesthetics. Meanwhile, generative AI will continue to revolutionize creative industries like fashion, requiring players to adapt and explore its potential to augment human creativity. The fast-fashion competition is set to intensify, with challengers Shein and Temu changing their tactics around price, customer experience, and speed. To succeed, both disruptors and incumbents must be able to adapt to evolving consumer preferences while navigating regulations that may impact the industry. Brand marketing will regain its importance in 2024 as the fashion industry adjusts to a shifting landscape where performance marketing is no longer the sole focus. Instead, consumers' emotional connections to brands will be crucial as marketers reorient their strategies around long-term brand-building. Sustainability will continue to be a top priority, with new rules and regulations emerging worldwide. To stay ahead, brands and manufacturers must revamp their business models to align with these changes. Finally, the "bullwhip effect" – where supply chain disruptions occur due to changes in consumer demand – will require fashion players to prioritize transparency and strategic partnerships if they're to keep pace with renewed demand.